

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 EA-10 IO-13 ISO-00 AGRE-00

SP-02 USIA-06 AID-05 NSC-05 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 IGA-02 OES-07

/122 W

-----037131 100630Z /21

R 092015Z SEP 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 3659

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROM E

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY MEXICO

USMISSION GENEVA

AMCONSULATE RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 7441

EO 11652 GDS

TAGS EFIN E AID

SUBJECT: IBRD/IMF DEVELOPMENT COMMITTEE DISCUSSION OF DEBT ISSUE

REF: CONFIDENTIAL STATE 208976

1. FINATT CONVEYED SUMMARY OF US PROPOSAL TO MINISTRY OF FINANCE AND CENTRAL BANK AND SUBSEQUENTLY DISCUSSED SUBJECT WITH MINFIN OFFICIAL RESPONSIBLE FOR IFI AFFAIRS AND WITH CENTRAL BANK OFFICIAL (LUIZ BARBOSA) WHO WILL REPRESENT BRAZIL AT SEPTEMBER 15 MEETING
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IN PARIS.

2. GOB SPOKESMEN WERE SYMPATHETIC WITH US VIEWS AND DESIRE TO SHIFT FOCUS FROM RHETORIC TO MORE CONSTRUCTIVE DISCUSSION. HOWEVER, THEY NOTED THAT BRAZIL'S DIFFICULT POSITION AS A LARGE-SCALE SEMI-INDUSTRIALIZED DEBTOR WILL PROBABLY RESULT IN LOW-PROFILE APPROACH. ABOVE ALL THE GOB IS SENSITIVE TO CRITICISM

OR EVEN REFERENCE TO ITS DEBT MANAGEMENT. ITS HIGH LEVEL OF DEBT (\$28-30 BILLION) INEVITABLY ATTRACTS ATTENTION DESPITE THE FACT THAT THE GOB IS CONFIDENT IT IS ON FIRM GROUND AND IS PURSUING PRUDENT DEBT POLICIES. GOB WOULD IN FACT PREFER NOT TO HAVE ANY DISCUSSION OF DEBT ISSUE IN ANY FORUM AND DOES NOT EVEN WANT A STUDY POINTING TO BRAZIL AS A GOOD EXAMPLE OF A COUNTRY WITH PROPOER DEBT POLICIES.

3. GOB SUPPORTS A CASE-BY-CASE APPROACH TO RESCHEDULING AND IS OPPOSED TO SUGGESTIONS THAT DEBT RELIEF SHOULD BE INSTITUTIONALIZED. GOB OFFICIALS AGREED WITH THE GENERAL THRUST OF US PROPOSAL TO HAVE GUIDELINES TO PREVENT OR HEAD OFF DEBT CRISES. ON OTHER HAND, GOB IS RELUCTANT TO TAKE A STRONG POSITION CONTRARY TO OTHER THIRD WORLD COUNTRIES. BARBOSA NOTED IN THIS REGARD THAT BRAZIL MUST BE SENSITIVE TO THE DESIRES OF GUYANA WHICH REPRESENTS BRAZIL IN THE DEVELOPMENT COMMITTEE.

4. BOTH MINFIN AND CENTRAL BANK SPOKESMEN STRESSED PERSONAL CHARACTER OF THEIR RESPONSES AT THIS STATE. TOP LEVEL OFFICIALS FOR INTERNATIONAL AFFAIRS IN BOTH AGENCIES ARE CURRENTLY TRAVELING. HOWEVER, THE COMMENTS REPORTED ABOVE ARE CONSISTENT WITH PREVIOUS GOB POSITIONS ON THIS ISSUE AND LEAD US TO CONCLUDE THAT BRAZIL WILL TEND TO REMAIN NEUTRAL ON PROPOSED DISCUSSION OF DEBT ISSUE BY DEVELOPMENT COMMITTEE. GOB IS NOT OPPOSED TO OUR PROPOSAL BUT SEES LITTLE TO GAIN FOR BRAZIL BY GIVING ITS STRONG SUPPORT AND POSSIBLY ANTAGONIZING OTHER LDCS. CONFIDENTIAL

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ALSO THE GOB OFFICIALS EXPRESSED SOME FEARS OF POLITICIZING THE DEVELOPMENT COMMITTEE. HOWEVER, OUR IMPRESSION IS THAT GOB WILL GO ALONG WITH PROPOSAL IF OTHER LDCS DO NOT MOUNT WIDESPREAD OPPOSITION. IN THIS CASE, BRAZIL WOULD PREFER SERIOUS TECHNICAL STUDY BY DEVELOPMENT COMMITTEE, WITH MINIMUM TREATMENT OF SPECIFIC COUNTRY CASES. RUSER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, POLICIES, COMMITTEE MEETINGS, GOVERNMENT DEBTS, DEBT REPAYMENTS
Control Number: n/a
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Sent Date: 09-Sep-1977 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1338751
Secure: OPEN
Status: NATIVE
Subject: IBRD/IMF DEVELOPMENT COMMITTEE DISCUSSION OF DEBT ISSUE
TAGS: EFIN, EAID, BR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e90b2c4a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009